



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
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WILLIAM T FUJIOKA
Chief Executive Officer

February 25, 2011

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

To: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

From: William T Fujioka
Chief Executive Officer

A handwritten signature in dark ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

MOTION TO INSTRUCT THE CHIEF EXECUTIVE OFFICER TO CONTINUE WORKING WITH THE ADMINISTRATION AND THE LEGISLATURE TO PURSUE A CONSTITUTIONAL AMENDMENT THAT GUARANTEES SECURE, ADEQUATE AND PERMANENT REVENUE AND SPECIFIC COUNTY PROTECTIONS FOR PROGRAMS INCLUDED IN THE GOVERNOR'S REALIGNMENT PROPOSAL (ITEM NO. 60-A - SUPPLEMENTAL AGENDA OF MARCH 1, 2011)

Item No. 60-A on the March 1, 2011 Supplemental Board Agenda is a motion by Supervisors Ridley-Thomas and Knabe instructing the Chief Executive Officer to continue working with the Brown Administration and the State Legislature to pursue constitutional protections that provide:

- a. A guarantee of revenue that covers realigned program costs including current and reasonable growth for the first five years of realignment;
- b. A guarantee of revenue for the realignment of programs for the sixth year and beyond that is at least equal to the revenue generated each year if the revenue sources from years 1-5 remained in effect, and continues uninterrupted;
- c. A guarantee that the full increase in the cost of delivering a realigned program due to any State or Federal mandate, statewide judicial action, or the imposition of Federal penalties, be paid by the State for as long as counties have the responsibility for said realigned programs; and
- d. A guarantee that if the State does not provide counties with revenue for realigned programs for the sixth year and beyond that is consistent with item b above, counties would be authorized to withhold that amount in property tax revenues.

"To Enrich Lives Through Effective And Caring Service"

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Governor's Realignment Proposal

The Governor's Proposed FY 2011-12 Budget contains a proposal that would shift an estimated \$10.0 billion in major program responsibilities from the State to counties by FY 2014-15. The first phase of realignment would be implemented in FY 2011-12 and would designate \$5.9 billion in funding to initiate the shift of program responsibilities from the State to counties for various public safety programs including: emergency services and fire, court security, local public safety program, lower-level offenders, adult parole and juvenile justice. The Realignment Proposal also expands the definition of public safety to include: child welfare services, foster care, adult protective services, and certain mental health services.

The Governor proposes to provide \$5.9 billion in funding for the realigned programs by extending the existing 1.0 percent sales tax rate increase (\$4.5 billion) and the 0.5 percent Vehicle License Fee (VLF) rate increase (\$1.4 billion) for five years, subject to voter approval at a June 2011 Special Election.

As reported in the January 28, 2011 and the February 4, 2011 Sacramento Updates, if the Governor's Realignment Proposal is enacted, the County would assume an estimated \$1.41 billion in State program and financial responsibilities starting in FY 2011-12, which is projected to increase to an estimated \$1.87 billion by FY 2014-15 when the first phase of realignment is projected to be fully implemented.

County Efforts

Consistent with your Board's directive of December 14, 2010 to pursue a partnership with the State to design long-term budgetary solutions, and your January 3, 2011 five-signature letter to the Governor and Legislative Leaders expressing the County's willingness to assume a fair share of potential funding cuts, if fashioned with our active participation, this office has been actively working with affected departments, the County's Strategist, high level County officials, and the Sacramento advocates to develop a strategy for a realignment plan that is feasible and sustainable, helps the State's fiscal crisis, but more importantly, is not harmful to County programs or the residents we serve.

As previously reported, since the release of the Governor's Realignment Proposal, this office has been leading this effort on three important fronts: 1) working directly with high ranking officials in the Brown Administration, which included meetings in Sacramento with the Director of the Department of Finance and Diane Cummins, the Governor's Special Advisor on Realignment; 2) leading a workgroup of top administrators for 12 urban counties that serve 75 percent of the State's population; and 3) working closely with various statewide associations including: the California State Association of

Counties, the California Welfare Directors Association, the California Mental Health Directors Association, the Chief Probation Officers Association, and the California State Sheriff's Association, among others, to ensure the County's interests and priorities are addressed and adequately represented with the Administration and the Legislature.

Board Policy

Support for this motion is consistent with:

- I. Board directive of December 14, 2010, which instructed the Sacramento advocates to support proposals to address the State Budget shortfall for which the County would be willing to assume a fair share of budget cuts if they are developed with the active participation of the County in designing long-term budgetary solutions throughout the entire budget adoption process; and
- II. Policies approved as part of the 2011-12 State Legislative Agenda, including:
 - Oppose the shift of programs unless control is also shifted and State funding is guaranteed; and
 - Support proposals to restructure State and local services responsibilities if they: create a nexus between authority, responsibility, accountability, and revenues; promote program effectiveness and cost containment; and recognize the limited fiscal capacity of counties by transferring sufficient revenue in the first and subsequent years.

Conclusion

Therefore, approval of this motion to instruct the Chief Executive Officer to continue working with the Brown Administration and the State Legislature to pursue a constitutional amendment that guarantees secure, adequate and permanent revenue and specific County protections for programs included in the Governor's Realignment Proposal, is consistent with existing Board-approved policies.

WTF:RA
MR:VE:sb

c: Executive Office, Board of Supervisors
County Counsel